

REPORT FOR INFORMATION

REPORT TO:	COUNCIL
DATE:	22nd Janaury 2020
SUBJECT:	LOCAL SCHEME OF COUNCIL TAX SUPPORT
REPORT FROM:	COUNCILLOR O'BRIEN, PORTFOLIO HOLDER FOR FINANCE & HOUSING
CONTACT OFFICER:	Mike Woodhead, Joint Chief Finance Officer
TYPE OF DECISION:	COUNCIL
FREEDOM OF INFORMATION/STATUS:	The report is for publication.
SUMMARY:	The report provides Members with an up-date on the local Council Tax Support scheme and sets out recommendations to continue to deliver a local scheme within the available budget.
OPTIONS & RECOMMENDED OPTION	Council is asked to agree that the Scheme introduced with effect from 1st April 2018 is extended for the year 1 st April 2020 to 31 st March 2021 with one amendment.
IMPLICATIONS:	
Corporate Aims/Policy Framework:	Do the proposals accord with the Policy Framework? Yes
Statement by the S151 Officer: Financial Implications and Risk Considerations:	The financial implications arising from the report are centered on the large cut in Government funding that accompanied the localisation of

	<p>Council Tax support. The existing scheme was designed to provide as much protection as possible for the most vulnerable claimants whilst staying within the fixed budget set by the Government in 2013.</p> <p>The performance of the scheme is closely monitored and to date caseload and expenditure are within anticipated projections. However, given the fixed nature of the government grant to fund the scheme, the risk continues that increased take up or reductions to the income of existing claimants will have a direct impact on the authority.</p> <p>It is strongly recommended that Members do not seek to absorb the loss of Government funding from within existing resources due to pressures on the Council's budget.</p>
Statement by Joint Chief Finance Officer:	In considering the nature of the local scheme, it is important to recognise that collecting increased, or any, Council Tax from people in receipt of Council Tax Support is both challenging and costly.
Equality/Diversity implications:	An Equality Impact Assessment was completed in respect of the changes implemented in April 2017, as no significant changes are proposed for April 2020 this remains valid.
Considered by Monitoring Officer:	<p>It is the duty of the Council to have localised Council Tax Support, in the form of a council tax reduction, each year.</p> <p>The enabling provisions are contained in section 10 of the Local Government Finance Act 2012, This allows the Council to use its discretion to design schemes for support for those not of pension age but contains requirements that certain elements must be included in all schemes.</p> <p>The detail of the elements which must be included in local council tax reductions schemes are included in The Council Tax Reduction Schemes (Prescribed Requirements Scheme) (England) Regulations 2012.</p> <p>Consultation has been undertaken in each year that the scheme has changed. <i>Members must have "due regard" to any equality issues and these are set out in the Equality Impact Assessment.</i></p>
Wards Affected:	All

Scrutiny Interest:	Overview and Scrutiny Committee
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TRACKING/PROCESS

DIRECTOR:

Mike Woodhead

Chief Executive/ Senior Leadership Team	Cabinet Member/Chair	Ward Members	Partners
No	Yes		
Scrutiny Committee	Committee	Council	
No			

1.0 BACKGROUND

1.1 The report outlines the background, current scheme, context of overall Welfare Reform and recommendations for delivering a local scheme of Council Tax Support with effect from April 2020.

2.0 CHANGES TO THE SCHEME

2.1 The current local scheme was introduced in Bury from April 2013. Prior to this, a national scheme was in place: Council Tax Benefit. This was administered by local authorities but prescribed in extensive detail by the Department for Work and Pensions. Council Tax Benefit paid the full liability for Council Tax for the poorest claimants. Local authorities were, to all intents and purposes, fully funded by DWP for their Council Tax Benefit expenditure: local authorities therefore did not carry the risk of changing caseloads or changes in the level of deprivation.

2.2 The abolition of Council Tax Benefit and introduction of local schemes included the provision that the grant payable to Councils was set at 90% of the estimated spend on Council Tax Benefit in 2012/13. This meant that Councils had to address a 10% cut in the funding they received. Furthermore, the level of support was fixed for 7 years meaning that Councils will have to bear the cost of any increased expenditure as a result of increases in Council Tax or any increases in claimant numbers.

2.3 Before agreeing a scheme the Council had a duty to consult with major precepting authorities and such persons it considers to have an interest in the scheme.

2.4 The key issues the Council faced as a result of the introduction of local schemes were:

- The funding to be provided for the new provision was cut by 10%.
- The Government's changes did not allow Councils complete freedom in the design of their schemes and it was stipulated that the elderly were to be protected. This provision remains and meant that as around 45% of Bury's benefit caseload were classed as elderly the cuts for working age claimants had to be higher. In Bury, protecting pensioner claimants means the

percentage cuts for working age claimants was estimated to fall within the range of 15%-20%.

- The risk of changing caseloads was transferred to local authorities i.e. funding had to be determined in advance, not based on actual spend.

3.0 LOCALISED COUNCIL TAX SUPPORT

3.1 The scheme which was established in Bury in 2013, following consultation, reflected the Council's priority in considering the needs of vulnerable people and aimed to mitigate the detrimental impact it would have on residents who would face increased Council Tax due to restrictions on the amount of Council Tax Support they would be entitled to.

3.2 However due to increases in Council Tax during the preceding years by 2017 the fixed budget was no longer capable of covering the schemes costs. In 2017 the scheme was amended so that the maximum amount that any Working age claim could receive was 80% of the liable Council Tax charge.

4.0 COUNCIL TAX SUPPORT SCHEME 2020/2021

4.1 The Council is required to review and amend its scheme annually.

4.2 In doing this it is necessary to consider a variety of factors:

- Performance of the scheme
- The level, and adequacy, of Government funding for 2020/21
- The Council's overall financial position
- Options for changing the scheme if required
- The outcome of previous consultation

4.3 The operation of the scheme appears to be meeting its objectives during the financial year 2019/20 although from a purely financial perspective this can vary and fluctuate throughout the year. However, take-up and Council Tax collection assumptions are being closely monitored. The 80% maximum award has led to an increase in Council Tax accounts entering recovery, working practices have been amended to try and minimize the number of these accounts that proceed to recovery through the courts and beyond.

4.4 Following the Governments one year funding plan for 2020/21 funding remains the same as for Year 1 reflecting the 10% cut in the level of support provided in 2012/13. As funding is fixed consideration has therefore to be given to whether further cuts to the existing scheme need to be made. Forecasts suggest that expenditure on the scheme is within the budget available and so no changes are required for the year 2020/21.

5.0 CONSULTATION

5.1

1. On 3 April 2019, the Home Office launched the Windrush Compensation Scheme to compensate individuals who have suffered loss in connection with being unable to demonstrate their lawful status in the United Kingdom.

It is recommended that we disregard payments made under the Windrush Compensation Scheme when determining eligibility for CTS.

This is consistent with, for example, the approach the Council has taken for payments from the 'We Love Manchester Emergency Fund' following the incidents in 2017.

2. In August 2019 the Local Government Ombudsman suggested that councils should clarify their procedures for when changes in circumstances take effect for working age Council Tax Support claimants.

We intend to update our Council Tax Support regulations to state that in some situations a change in circumstances can take effect from the date the claim was processed rather than the date the change took place.

6.0 WELFARE REFORM CONTEXT AND AGENDA

- 6.1 The changes to Council Tax Benefit/Support form part of a wider series of changes that make up the Government's welfare reform agenda and reform of local government finance. Bury Council have sought to alleviate the impact of Welfare Reform where possible by working with residents and our local partners.
- 6.2 In July of 2018 Universal Credit Full Service was rolled out across the majority of the Bury Council area. This has resulted in an increased strain on the administration of the Council Tax Support scheme and difficulties in residents understanding the lack of interaction between DWP UC and the Council.
- 6.3 A Discretionary Council Tax fund has been available for customers who may be experiencing significant hardship often as a result of multiple changes to the welfare system or complex circumstances, Members are requested to agree a budget of £100k for the year 2020/21.

7.0 CONCLUSIONS AND RECOMMENDATIONS

- 7.1 The Council has to review the operation and content of its Council Tax Support scheme on an annual basis.
- 7.2 It is recommended that the scheme continue with the two changes (5.1 refers) for the year 2020/21.
- 7.3 The performance of the scheme continues to be closely monitored and will be reviewed and amended as appropriate on an annual basis.

**COUNCILLOR O'BRIEN
DEPUTY LEADER & CABINET MEMBER FOR FINANCE & HOUSING**

List of Background Papers:-

None

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